



ADAMA Crosses \$3Bn Sales Mark: Reports Solid Business Momentum for Q4 & FY 2013

Company records sales growth in all its regions, with positive business drive in Brazil

Continued progress in China integration

Airport City, Israel, March 9, 2014 – ADAMA Agricultural Solutions Ltd. (formerly Makhteshim Agan Industries, “ADAMA” or “the Company”), a leading global provider of crop protection solutions, today reported its financial results for the fourth quarter and full year ended December 31, 2013.

FINANCIAL HIGHLIGHTS

<i>In millions of US\$</i>	Q4 2013	Q4 2012	Change	FY2013	FY2012	Change
Sales*	655.7	579.5	13.1%	3,076.4	2,834.5	8.5%
Gross profit	186.0	158.7	17.2%	968.1	899.6	7.6%
Gross margin	28.4%	27.4%	NA	31.5%	31.7%	NA
Operating profit	11.1	3.0	265.5%	309.0	281.6	9.7%
Profit (loss) before tax	(28.2)	(26.6)	6.1%	171.6	161.7	6.1%
Net income (loss)	(29.1)	(21.9)	32.7%	127.2	122.5	3.9%
EBITDA	51.5	41.0	25.5%	466.0	429.9	8.4%

* In constant currency terms, sales grew by 14.2% and 10.0% in the fourth quarter and the full year, respectively.

Commenting on the results, **Mr. Yang Xingqiang, ADAMA’s Chairman**, said, “The fourth quarter was a good end to a strong year. In 2013, we continued our business momentum across the globe; our execution together with positive weather conditions enabled us to report sales growth and improved gross profit and EBITDA.

“In parallel, we are pleased with our progress towards building an integrated platform in China, as demonstrated by the Sanonda tender offer that we completed during the fourth quarter. We remain focused on ADAMA’s long term strategy to support farmers around the world.”

Chen Lichtenstein, ADAMA’s President and CEO, commented, “We report another year of solid growth in sales and EBITDA despite an unfavorable currency environment especially in our APAC region and Brazil. We achieved growth across all of our regions; higher sales volumes and improved product mix that led to improvement in our financial performance. Our improved working capital management resulted in better cash flow balance for the year. In addition, we delivered continued

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positive results in Latin America, benefiting from positive market conditions in the region.

“In 2013 we continued to execute our strategic plan with specific emphasis on products and marketing, as well as, advancing our activities and operations in China. These core business elements are pivotal for our future competitive positioning and long-term growth.”

FINANCIAL REVIEW

Sales: Revenues for the fourth quarter of 2013 increased by 13.1% to \$655.7 million compared with \$579.5 million for the fourth quarter of 2012. In constant currency terms, sales for the quarter increased by 14.2% year-over-year. The growth reflected higher quantities sold and selling prices, partially offset by currency effects.

For the 12-month period, sales increased by 8.5% to \$3,076.4 million compared with \$2,834.5 million for 2012. In constant currency terms, sales for the 12-month period increased by 10.0% compared with 2012.

On a geographical basis, the breakdown of sales was as follows:

<i>(millions of USD)</i>	<u>Q4 2013</u>	<u>Q4 2012</u>	<u>Change</u>	<u>FY 2013</u>	<u>FY 2012</u>	<u>Change</u>
Europe	136.2	136.6	(0.2%)	1,140.1	1,092.4	4.4%
Latin America	251.8	210.1	19.8%	757.5	643.0	17.8%
North America	126.0	107.6	17.1%	516.2	497.5	3.7%
Asia Pacific, Africa & the Middle East	114.2	98.3	16.2%	553.2	497.3	11.2%
Israel	27.5	27.0	2.1%	109.2	104.4	4.6%

Latin America: The strongest revenue growth continued to be reported by Latin America, which achieved a 19.8% sales increase for the fourth quarter and a 17.8% sales increase for the year as a whole. This reflected strong performance mainly in Brazil. In addition, the quarterly sales for Latin America included the contribution of new operations in Chile for the first time.

APAC, Africa & ME: Sales in Asia Pacific, Africa and the Middle East increased by 11.2% for the year and 16.2% for the quarter, reflecting increased quantities sold and selling prices. Regional sales were negatively impacted by the strengthening of local currencies in the region.

Europe: Sales in Europe rose by 4.4% for the year, while its fourth quarter sales remained stable as compared with the fourth quarter of 2012. The Company's European business was characterized by positive business momentum.

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North America: Sales in North America increased by 3.7% for the year and 17.1% for the quarter.

Gross Profit: Gross profit for the fourth quarter totaled \$186.0 million (28.4% of sales), up 17.2% compared with \$158.7 million (27.4% of sales) for the parallel period of 2012. For the full year, gross profit totaled \$968.1 million (31.5% of sales), up 7.6% compared with \$899.6 million (31.7% of sales) in 2012.

The increase reflected higher quantities sold, an improved product mix and a rise in selling prices, offset partially by increased raw material prices, production costs and adverse currency effects.

Operating Expenses: R&D, Selling and General and Administrative expenses for the quarter totaled \$174.9 million (26.7% of sales) compared with \$155.7 million (26.9% of sales) for the fourth quarter of 2012. For the full-year period, operating expenses totaled \$659.1 million (21.4% of sales) compared with \$618.0 million (21.8% of sales) in 2012. The increase reflects the Company's strategic decision to increase its investments in research, development and branding.

Operating Profit: Operating profit for the fourth quarter totaled \$11.1 million (1.7% of sales), more than triple the \$3.0 million (0.5% of sales) reported in the fourth quarter of 2012. For the full year, operating profit increased by 9.7% to \$309.0 million (10.0% of sales), compared with \$281.6 million (9.9% of sales) for 2012.

Financing Expenses: Net financing expenses for the fourth quarter totaled \$37.7 million compared with \$27.2 million in the fourth quarter of 2012. For the full year, net financing expenses totaled \$140.6 million compared with \$110.3 million in 2012. The significant increase reflects the Company's issuance of debentures in January 2013; the increased hedging costs assumed due to the Company's growing sales in emerging markets. In addition the level of expenses increased due to the effect of changes in the Israeli CPI, the metric to which most of the Company's debentures are linked; and the updating of the value of PUT options to acquire investee companies which increased due to improved performance in those markets.

Net Income: For the fourth quarter of 2013, the Company recorded a net loss of \$29.1 million (4.4% of sales) compared with a net loss of \$21.9 million (3.8% of sales) for the fourth quarter of 2012. For the full year, the Company recorded net income of \$127.1 million (4.1% of sales), a 3.7% increase compared with \$122.6 million (4.3% of sales) for 2012. Net income figures for the year were effected by higher financing and tax expenses when compared to previous periods.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization): EBITDA for the fourth quarter of 2013 increased by 25.5% to \$51.5 million (7.9% of sales) compared with \$41.1 million (7.1% of sales) for the fourth quarter of 2012. For the full year, EBITDA totaled \$466.0 million (15.1% sales), an 8.4% increase compared with \$429.8 million (15.2% of sales) for 2012.

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Cash Flow: Positive cash flow generated by operating activities totaled \$195.9 million for the fourth quarter of 2013, an 86% increase compared with \$105.0 million in the fourth quarter of 2012. For the full year, cash flow totaled \$362.5 million, a five-fold increase compared with \$58.8 million in 2012. This significant increase derived primarily from an improved balance in operating working capital and the successful execution of hedge transactions in respect of the Company's long-term NIS-denominated debt.

CHINA INTEGRATION

The Company is working intensively to maximize the potential of the merger with China National Agrochemical Corporation ("CNAC") and in this framework continues to make progress with the process of assessing the acquiring of all or part of the shares or assets of several companies directly or indirectly held by CNAC, while moving forward in the process of building a comprehensive business infrastructure within China.

During the fourth quarter, the Company successfully completed a partial tender offer to acquire 10.6% of the outstanding capital of Hubei Sanonda Co., Ltd. ("Sanonda"), an agrochemical company controlled by CNAC whose shares are traded on the Shenzhen Stock Exchange. In parallel, the Company continues to evaluate other business opportunities in China that will support the creation of significant research, operational and commercial infrastructure in China.

Further Information

All financial and legal filings, together with a presentation of the quarter's key financial highlights, can be accessed through the Company's website at www.ma-industries.com.

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About ADAMA Agricultural Solutions

ADAMA Agricultural Solutions Ltd., formerly known as Makhteshim Agan Industries, is a leading global manufacturer and distributor of crop-protection solutions, and the leading off-patent provider. The Company supplies efficient solutions to farmers across the full farming value-chain, including crop-protection, novel agricultural technologies, and complementary non-crop businesses. In 2013, the Company's revenues were over \$3 billion, and it is ranked seventh in the world in the overall agro-chemicals industry. The Company is characterized by its innovation, farmer-centric approach to product development, and strict standards of environmental protection and quality control. For more information, visit us at www.ma-industries.com.

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